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SUBJECT: TWO CHINAS IN THE DOMINICAN REPUBLIC: TAIWAN

PRESIDENT'S VISIT

Classified By: Economic and Political Counselor Michael Meigs, for Reas  
on 1.4(b) and (d).

1, (C) Summary: Taiwan President Chen's official visit to the Dominican Republic September 23-24 has warmed bilateral relations, according to Taipei's ambassador here. Chen and President Fernandez announced their intention to begin negotiation of a free trade agreement, and Chen promised further assistance for high-technology industrial training. Favorable press coverage prompted the local PRC commercial representative to arrange media attention for PRC events. For now the Fernandez administration appears to be content to let the two Chinas compete in their offers and appears to be in no hurry to abandon ties to Taiwan. End summary.

2. (C) John Chi-Tai Feng, Taiwan's ambassador to the Dominican Republic, who is often bluntly pessimistic in assessing his chances of deterring the PRC's "big offensive" to take away one of his country's last bastions of recognition, was enthusiastic in remarks to political officer September 29. President Chen Shui-Bian and President Leonel Fernandez had hit it off well during Chen's official visit here September 23-24. The "coolness" that the ambassador had felt in bilateral relations during Fernandez's first year in office "warmed up" during their personal meeting September

23. "I feel it," he exulted. His only regret was that Chen and his 130-person traveling party would make a refueling stop in Santo Domingo late in the day, after a swing through Central America. "They all have to de-plane," he grumbled, only half in jest.

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CAFTA-DR and Potential Investments  
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3. (C) The Foreign Ministry's Asia director, in more restrained desk-officer style, said the Dominican Government had reaffirmed its commitment to relations with Taiwan, including support for Taiwan to become a UN member state and observer to the World Health Organization. The splashiest announcement by the two presidents was that negotiations would soon begin on a bilateral free-trade agreement, pursuant to a letter of intention signed last February. Chen, with a press encounter at national daily "Hoy," which had previously been critical of the CAFTA-DR free-trade agreement with the United States, Chen achieved an unprecedented headline on that newspaper's front page: "Taiwan President Believes CAFTA will strengthen Dominican Republic." Feng said that MFA Under Secretary for Economic Affairs Juan Guiliani Cury would soon travel to Taipei for the first round of talks, with the goal of signing an FTA in January 2007.

4. (C) President Fernandez had repeatedly put off a promised trip to Taiwan but Feng said Fernandez has renewed his commitment to travel in January. President Chen for his part visited the Technological Institute of the Americas (ITLA) -- a high-tech industrial training facility assisted and staffed by Taipei -- and promised to expand support for this project, part of a "Cyber Park" planned by Fernandez since his first administration in the late 1990s. The president of Stevens Institute of Technology in New Jersey was on hand to announce additional support for ITLA. According to Feng, five or six big Taiwanese entrepreneurs accompanying Chen expressed more interest in investing as a result of the recent Dominican ratification of DR-CAFTA, although no deals were concluded.

5. (U) The local press was overwhelmingly positive, with front-page coverage and photo spreads. The Taiwan Embassy counted 68 newspaper articles, including 2 editorials and 2 op-ed commentaries, "all positive." Local TV ran more than 170 clips, and radio mentioned the topic over 110 times.

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PRC Rep Reacts  
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6. (SBU) All this attention to Taiwan provoked PRC commercial

rep to the Dominican Republic Cai Wei-quan to action. He appeared at least twice on television this week and on September 29 published an op-ed in the middle of the editorial page of leading national paper *Listin Diario*, on "China and the U.S." Cai spent one column reviewing, in a diplomatic tone, China's position on trade disputes with the United States and two columns rehashing the PRC line on "the problem of Taiwan." Then he advocated UN Security Council reform, which he said would offer better rotational opportunities for "small and medium countries like the Dominican Republic."

17. (C) The PRC has continued to bait the hook of diplomatic recognition. According to the Taiwan ambassador, the latest proposal being dangled here by the PRC is a USD 100 million pickup truck assembly plant. "But there are always conditions for this and other PRC investment offers," noted Feng, "That means diplomatic relations."

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Foreign Minister Skeptical  
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18. (C) Dominican Foreign Minister Carlos Morales Troncoso missed the Chen visit, spending September 23-25 at a Wilton Park Conference in the United Kingdom. There he heard Deputy Director of the Institute of Latin American Studies of the Chinese Academy of Sciences Jiang Shixue, deliver a paper entitled, "Big Countries and Small Countries Can Be Brothers: China's Relations with the Caribbean." In it, Jiang characterized Taiwan's policy in the region as "dollar diplomacy."

19. (C) "Both Chinas do that," retorted Morales Troncoso in conversation with the Ambassador September 28. "They're both corrupt, and their cash flows in election campaigns to political parties and candidates."

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Comment  
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110. (C) Like previous Dominican presidents, Fernandez appears to be content to let the two Chinas compete in offering goodies to this developing island nation. The Fernandez administration appears to be in no hurry to cut its traditional ties to Taiwan. The foreign minister's dismissive attitude, though not necessarily shared by the President, suggests he will provide an additional measure of resistance to Beijing's offers.  
Hertell